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October 3,2002

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: *Ex* Parte Presentation – Universal Service Contribution Mechanism, CC Dkt. Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

Dear Ms. Dortch,

The Ad Hoc Telecommunications Users Committee (hereinafter "Ad Hoc" or the "Committee") pursuant *to* section 47 C.F.R. § 1.1206(b) of the Commission's Rules, hereby submits a written ex parte communication and two copies in the above-referenced proceedings.

Through this letter, Ad Hoc (1) advises the Commission of the Committee's withdrawal of its support for the "residual" aspect of the USF assessment methodology advanced by the Coalition for Sustainable Universal Service (CoSUS); (2) offers reasons and data for a decision not *to* "cap" assessments on residential and single line business installations and activated wireless numbers and pagers; (3) renews its plea that the Commission's truth-in-billing policies and rules foreclose carriers from marking-up federal Universal Service Fund (USF) surcharges; and (4) submits data and views on alternative USF assessment methodologies.

A. Assessing Multi-Line Connections On A Residual Basis Presents Unacceptable Risks For Multi-line Subscribers And The Commission.

CoSUS's recommendation for reforming the USF assessment mechanism would, when finally implemented, assess (1) a $1.00 contribution obligation on residential and single line business connections and on activated wireless numbers

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and (2) a $0.25 assessment on pagers.[1] The sum of the resulting contributions would then be subtracted from the USF requirement for the relevant period. The difference between the USF requirement and the above-described sum would be recovered from assessments on special access, private lines and switched multi-line connections. In effect, the assessments on special access private lines and switched multi-line connections are residual assessments.

Residual assessments can be, and in this case Ad Hoc believes are, unacceptably volatile. Within the context of CoSUS' proposed assessment methodology, the residual assessments can be much higher than expected if the number of connections not subject to residual assessments is materially lower than forecast and/or the USF requirement is materially higher than estimated. Since CoSUS filed its plan with its April 22, 2002 comments in the above-referenced dockets, the residual estimated multi-line assessment has been revised upward from about $2.73 per month *to* about $4.00 per month. It now appears as though the $4.00 estimate is too low. Wireline Competition Bureau Staff have indicated that the line count data used by CoSUS in forecasting the residual multi-line assessments probably over-states residential and special access connections and pagers.[2] USF requirements also have grown from $1.38-Billion ($5.5-Billion annualized) in the second quarter of 2002, when CoSUS proposed the residual assessment methodology, to $1.58-Billion ($6.3-Billion annualized) in the current quarter.[3] Ad Hoc expects that the USF requirement, when and if the Commission were to implement a connections-based assessment methodology, will be even higher. Accordingly, the chances are quite good that the initial residual assessments under CoSUS's proposal will continue to climb to uncertain levels.

It is now obvious to Ad Hoc that CoSUS' residual assessment methodology inequitably shifts all pre-implementation data volatility risk to special access, private line and multi-line subscribers. This form of discrimination against these subscribers is not justified. It cannot be justified by conclusory assertions about affordability of service. There is no evidence that residential and single line business subscribers would disconnect their telephone service for affordability reasons if their connections to the public switched telecommunications network were assessed the same USF contribution obligation as non-high capacity multi-line connections. Given current data, Ad Hoc estimates that the assessment on all such lines would be only about $1.50 if assessments are uniform.[4]

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1 Under CoSUS' plan, during a twelve-month "interim" period, revenue-based Universal Service Fund assessments would be levied on special access and private line revenues. AT&T recently expressed concern about its ability to effect billing under the "interim" plan.

2 This disclosure occurred during a September 24, 2002, meeting between representatives of CoSUS members and Wireline Competition Bureau staff.

3 Proposed Second Quarter 2002 Universal Service Contribution Factor, CC Docket No. 96-45, Public Notice, DA 02-562 (rel. March 8, 2002) and *Proposed Fourth* Quarter 2002 Universal Service Contribution Factor, CC Docket NO. 96-45, Public Notice, DA 02-2221 (rel. September 10, 2002).

4 The impact of changing line counts and growth in the USF is mitigated when spread over all connections to the public switched network, as distinguished from imposing the risk of such

Accordingly, Ad Hoc withdraws its support for that aspect of the CoSUS assessment plan that would set the multi-line USF assessment on a residual basis. Indeed, Ad Hoc has come believe that the Commission would act arbitrarily and capriciously and engage in unlawful discrimination if it were it to adopt CoSUS's proposal that USF assessments on residential, single line business and wireless connection be initially set at $1.00. There is no rational basis for setting the initial assessment at this level. Expediency is not legal justification for a decision that would be tantamount to "pulling a number out of the air." In place of setting USF assessments on a residual basis, Ad Hoc urges the Commission to adopt an assessment methodology that would assess all non-high capacity connections the same USF contribution obligation.' This approach would be legally defensible and good public policy.

Assessing USF contributions based of working telephone numbers, rather than physical connections, would appear to be legally defensible and would constitute better public policy than the CoSUS plan. Attachment A hereto illustrates the impact of assessing USF contributions based on assigned telephone numbers.[6] Using three alternate methods, the assessments would $1.07 to $1.02. The $1.02 assessment methodology would assess a de *minimus* charge of $0.10 on administrative and other numbers assigned to carriers. In Ad Hoc's view, assessing such numbers is not necessary or advisable. At these assessment levels, a residual assessment methodology is obviously not warranted.' In view of the foregoing and the Attachment A analysis, Ad Hoc respectfully urges the Commission to adopt a non-residual USF contribution assessment methodology based on working telephone numbers and connections-based assessments for special access and private lines, in lieu of CoSUS' residual connections-based methodology.

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changes on only about the twenty-five percent of connections represented by special access and multi-line connections.

5 Ad Hoc continues to support CoSUS' suggestion that connections to subscribers who are Lifeline and LinkUp subscribers not be assessed USF contribution obligations. See, CoSUS Comments at 69-70.

6 In its Number Resource Optimization proceeding, the Commission distinguishes numbers assigned to carriers from numbers assigned to end users and working. Attachment A uses the quantity of numbers assigned to end users and working, a quantity much smaller than numbers assigned to carriers. See, Numbering Resource Optimization. CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd at 7576,7619 (2000) ("First Report and *Order*"); Second Report and Order, Order on Reconsideration, CC Docket 96-98 and CC Docket No. 99-200, and Second *Further* Notice *of* Proposed Rulemaking, CC Docket No. 99-200.16 FCC Rcd 308,320 (2000); and *Third* Report and Order and Second Order on Reconsideration, CC Docket No. 96-98 and CC Docket 99-200, 17 FCC Rcd 252.278 (2001) ("Third *Report* and *Order*").

7 Attachment A assesses special access and private lines by applying the monthly number assessment to these connections in same manner as CoSUS would apply its connection charge to special access and private lines. The reason for assessing USF contributions on special access and private lines, even though telephone numbers are only sometimes associated with such connections, would be to avoid claims that such connections should incur USF contribution assessments as a matter of equity, if for no other reason.

If the Commission concludes that it needs additional time *to* consider implementation of a telephone number USF contribution assessment methodology, it should take the steps explained in section **D** below *to* avoid an excessively high revenue-based USF factor while it considers implementation matters. It should not rush *to* adopt the CoSUS plan when a clearly better alternative exists.[8]

B. USF Assessments on Residential and Single Line Business Connections and on Activated Wireless Numbers Should Not Be Frozen

State Members of the Federal-State Universal Service Joint Board ("State Members") have urged the Commission *to* adopt a connections-based USF assessment methodology – an approach very similar *to* the CoSUS proposal, but different in one very material respect. The State Member's propose a modification *to* the CoSUS proposal whereby, "The **$1** per-line, per-month charge on residential, single-line business, and wireless (single-lines), would stay in effect for **5** years. Multi-line business would pick up the residual, and would get the benefit of line growth during the 5-year period."[9] **As** detailed below, freezing residential, single-line business, and wireless contributions would be bad public policy and legally indefensible.

Just as it would be unlawful decision-making *to* set initial USF connections or number-based assessments on a residual basis, it would be legally indefensible *to* require multi-line customers *to* bankroll all future increases in the size of the universal service fund." There is no evidence that residential customers cannot afford the slight increases in per-connection charges that may be necessary *to* fund future expansions of the universal service programs. Therefore, it would be arbitrary and capricious for the Commission *to* use "affordability" as the basis for freezing residential, wireless, and single-line business universal service assessments and contributions, while allowing unlimited increases in multi-line assessments and contributions. Second, because residential customers can afford *to* pay for an equitable share of future increases in the universal service fund. it would be unjust, unreasonable, and unreasonably discriminatory—and therefore violative of Sections 201(b), 202(a), and 254(b)—to establish a rate structure under which multi-line customers pay for all future increases in the size of the fund. Third, because residential customers can afford modest increases in their per-connection fees, a Commission decision *to* freeze these assessments would not be rationally related *to* maintaining affordable residential service. **As** such, any increases in the assessments levied on multi-line connections *to* subsidize residential customers

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8 Ad Hoc would be surprised if the Commission needed more than six months to consider such matters.

9 Ex-Parte recommendation on Universal Service Contribution Mechanism from State Joint Board Members, August 7,2002. at **3.**

10 See Comments of Ad Hoc, CC Docket No. 96-45 (filed **April** 22,2002); Reply Comments **of** Ad Hoc, CC Docket No. 96-45 (filed May 13,2002).

would effectively unjustly discriminate against multi-line users in violation of the Equal Protection Clause."

Given that universal service contribution responsibility is a zero sum game, any benefits reaped by residential subscribers must be underwritten by multi-line subscribers. The data in Attachment B indicate that using conservative assumptions regarding the growth in the USF funding requirements, the average coniribution per multi-line subscriber line would increase from the **$4.45** forecast for the initial period, **to** between $5.30 (if residential and wireless line growth continues at historic levels) and $5.89 (if residential line growth is stagnant and wireless growth slows) by July 2006 if multi-line scribers are made **to** absorb all of the increases in the overall fund. If predictability is a legitimate goal of a universal service funding mechanism, it is important that multi-line subscribers, not just residential subscribers, also face predictable fund obligations. That, of course, would not be the case if residential line charges are fixed and universal assessments for multi-line installations can climb without limit.

Finally, there are many business users that cannot recover the increases in their universal service contribution obligations (as reflected in the increased price of telephone service) by increasing the price of their goods and services. Such users include governmental entities, non-profit organizations, and businesses bound by fixed-price contracts. Although it is theoretically possible for other businesses to pass-through their universal service contribution obligations to their customers in the form of increased prices, market conditions will prevent some companies from doing **so.**

Proposals to discriminate against multi-line business subscribers in setting initial capacity-based assessments and/or when increasing assessments are clearly anti-business proposals. They would saddle businesses with unnecessary costs as businesses struggle to maintain profitability in a fragile economy and could inhibit efficiency enhancing investment. There is no good justification for the downside of such anti-business proposals.

C. Carriers Violate The Truth-In-Billing Policies And Rules When Their Bills Mark-up The Commission Prescribed **USF** Factor.

In its comments and reply comments submitted on April 22, 2002 and May 13, 2002, respectively, in the above-referenced proceeding, Ad Hoc explained, inter alia, that long distance carriers' variously labeled universal service charges violate the Commission's truth-in-billing requirements. Ad Hoc stated that,

> [T]he Truth-in-Billing rules state that "Charges contained on telephone bills must be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered." Similarly, in the Universal Service Order, the Commission stated that, "[i]f

11 **See** Comments of **Ad** Hoc, CC **Docket** No. 96-45 **(filed** April 22, 2002), at 18.

> contributors [to universal service] choose to pass through part of their contributions and to specify that fact on customer's bills, contributors must be careful to convey information ... that accurately describes the nature of the charge."[12]

Attached hereto as Attachment C are pages printed from AT&T's Business Service Guide, Sprint's Schedule *8,* and WorldCom's Service Guide, respectively. None of these pages "in a clear and in a non-misleading manner" advise customers that the long distance carriers' "universal connectivity charge," "carrier universal service charge," and "federal universal service fund" charge are marked-up above the Commission-prescribed USF factor. AT&T states that its charges are to recover amounts that it directly or indirectly pays to or is required to collect to support statutory or regulatory programs, "plus associated administrative costs." AT&T's customers, if they rely on AT&T's Service Guide, are unaware of the extent to which AT&T marks-up the Commission-prescribed surcharge. Worse, Sprint's Schedule 8 does not even refer to administrative costs as justification for its marked-up Carrier Universal Service Charge. Nor does WorldCom's Service Guide. Thus, based on the information conveyed to customers in carrier publications, the entire charge assessed on customers is attributable to the Commission.

Also attached hereto as Attachment D are portions of carrier bills rendered to business customers. with the information that identifies, or might identify, the customers redacted. As with the carrier service guides and schedules, nothing on the bills even hints at the fact that the carriers have substantially marked-up the Commission-prescribed USF surcharge.

The "clear and non-misleading" requirement in the Commission's Truth-in-Billing rules and policies demands more than merely using the label "universal service" to denominate charges that substantially exceed the Commission-prescribed contribution factor. The carriers have not explained that the Commission's surcharge is substantially lower than their charges, and thus have misled consumers into believing that the Universal Service Fund is more lavish than it actually is.

Accordingly, Ad Hoc renews its request that the Commission, consistent with its Truth-in-Billing rules and policies regarding universal service support billing, prohibit carriers from denominating any amount in excess of the Commission-prescribed USF surcharge as a "universal service" charge.

Alternatively, the Commission should modify the USF assessment and contribution mechanism so that it is a collect and remit system. Based on historic, verifiable industry data on uncollectible accounts receivable, the Universal Service Administration Company can include in the specification of its fund requirements an uncollectibles amount. The Commission prescribed USF factor would when applied to carrier revenues recover the USF disbursements, as well as the uncollectibles

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[12] *Id.,* at 20-21, footnotes omitted.

amount. Providers of telecommunications service then could remit everything that they collect via their USF surcharges. Their subscribers then would be saved from grossly inflated USF surcharges.

D. Recently Developed Data Indicate That With Interim Revisions To its Rules The Commission Could "Buy Time" For A Revenue-Based Assessment Methodology; A Flat Rate Mechanism Is, However, The Best Permanent Assessment Methodology.

Attached hereto as Attachment **E** is data that Ad Hoc shared with Commissioner Kevin Martin and Dan Gonzalez, his senior legal advisor, on September 27, 2002. The data illustrate the effect of increasing the wireless service revenues against which the Commission prescribed USF factor would be applied. As shown, increasing the assessment base from fifteen percent to twenty-five percent would, all other things being equal, reduce the factor by ***0.8*** percent.[13]

If the Commission were to upwardly revise the wireless revenues subject to USF assessments and combine such an upward revision with **(1)** "collect and remit" assessment and contribution methodology and (2) use of projected, rather than historic, revenues, the long distance carriers' USF surcharges could be four to five percentage points lower than otherwise would be the case. Historically, the long distance carriers have marked up the Commission-prescribed USF factor by three to four percentage points. For example, the USF surcharges AT&T, Sprint and WorldCom applied to their residential customers when the Commission's USF factor was 7.28% in the second quarter of this year were 11.5%, 9.9% and 9.9% respectively.[14] If the suggested changes were in place for the fourth quarter, the FCC prescribed USF factor would be about 8.5 percent.[15]

The preceding paragraph should not be interpreted as support for continued permanent use of a revenue-based USF assessment methodology. For all of the reasons, which Ad Hoc will not repeat herein and which are set forth in CoSUS' comments and reply comments in the above-referenced proceedings, a revenue-

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13 Attachment **F** also shows the impact of assessing USF contributions on Wireless numbers at the same rate as residential connections, on the one hand, and as multi-line connections, on the other hand. This analysis illustrates that if the Commission were to adopt a residual methodology for assessing multi-line contributions, the multi-line (non-Centrex) connection assessment could range from about $1.80 per month to approximately $4.56 per month, depending on the treatment of wireless numbers and assumptions about line counts and USF requirements.

14 AT&T, Sprint and WorldCom have reduced their mark-ups since the Commission ordered **use** of accrued, but unused, monies from the Schools and Libraries portion of the USF. See Schools and Libraries Universal *Service* ***Support*** Mechanism, CC Docket No. 02-6, First Report and Order, FCC 02-175 (rel. June 13,2002). The Commission has stated that it intends to cease **use** of "E-Fund dollars to restrain the escalating USF factors as *of* April 1, 2003. *Id.* Ad Hoc would expect the long distance carriers to revert to historic mark-up levels on or about April 1, 2003, absent Commission action,

15 As noted above, USAC should add an "uncollectible" increment to the USF requirement, rather than allowing the long distance carriers to layer on their "uncollectible" mark-up.

based USF assessment methodology is not sustainable. While the Commission can "buy some time" for revenue-based methodology by implementing the changes discussed above, the Commission should move as soon as consistent with sound decision making to a non-residual, flat rated assessment methodology using (1) connections to the public switched telecommunications network or (2) working telephone numbers as the assessment metric.

Sincerely,

James S. Blaszak

Counsel to
Ad Hoc Telecommunications
Users Committee

Cc: Commissioner Kathleen Q. Abernathy
Commissioner Kevin J. Martin
William Maher
Eric Einhom
Diane Law Hsu
Matthew Brill
Jordan Goldstein
Daniel Gonzalez
Chris Libertelli

Attachments

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Ad Hoc Telecommunications Users Committee

Ex Parte Presentation – Universal Service Contribution Mechanism, CC Dkt. Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

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Attachment A

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Illustrative Analysis of Impact of Assessing USF Based upon Assigned Numbers

Illustrative Results Using Most Recient Report Number Counts and Projected Fund Requirements

	USF Rating Category	Line Units	Monthly Rate	Annual $s
USF Fund Size				$6,400,000,000
POTENTIAL METHOD 1				
Assigned Teledphone Numbers				
Regular #s	(a)	482,865,000	$1.04	$6,009,145,964
Toll Free #s	(a)	22,657,081	$1.04	$281,962,260
Estimated Life Line	- (a)	6,000,000	-$1.04	-$74,668,646
Weighted PL Connections	(a)	14.750.m	$1.04	$183,560,422
Total Units		514,272,081		
				$6,400,000,000
POTENTIAL METHOD 2				
Assigned Teledphone Numbers				
Regular #s	(a)	482,865,000	$1.07	$6,186,585,373
Toll Free #s	(a)	22,657,081	$1.07	$290,288,105
Estimated Life Line	- (a)	6,000,000	-$1.07	-$76,873,479
Total Units		499,522,081		
				$6,400,000,000
POTENTIAL METHOD 3				
Category (a)				
Assigned Teledphone Numbers				
Regular #s	(a)	482,865,000	$1.02	$5,887,857,760
Toll Free #s	(a)	22,657,081	$1.02	$276,271,153
Estimated Life Line	- (a)	6,000,000	-$1.02	-$73,161,539
Weighted PL Connections	(a)	14,750,000	$1.02	$179,855,450
Total Category (a) Units		514,272,081		
	(b)	106,821,000	$0.10	$128,185,200
	(b)	826,647	$0.10	$991,976
Total Units		621,919,728		
				$6,400,000,0(

Data Used in Analysis
Fund Size and "Weighted PL Connectiosn" based upon ETI estimates
Telephone Number Utilization Data taken from:
FCC IAD Report "Numbering Resource Utilization in the United Stales as of December 31, 2001" Table 1, and
FCC Statistics of Common Carriers 2000/2001", Released September 15, 2002, Table 5.11

Attachment B

Attachment B

cenario 1: **All lines continue** to change **based** upon **historic trends**

· Fund: Frozen | **High Cost &** Low **Income Funds:** Grow at average historic rate | All **Line Types:** Grow at avg number of lines **added** per year for prior four years

	July 2003 - June 2004		July 2004 - June 2005		July 2005 - June 2006		July 2006 - June 2007	
SF Fund		$ 6,400,000,000		$ 6,800,000,000		$ 7,200,000,000		$ 7,600,000,000
evs from Res Lines	$ 1.00	$ 1,296,000,000	I 100	$ 1,321,920,000	I 1 00	$ 1,348,358,400	$ 1.00	$ 1,375,325,568
evs from Bus Single Lines	$ 1W	$ 49,498,752	$ 100	$ 54,448,627	$ 100	$ 54,448,627	$ 100	$ 54,448,627
evs from Wireless	$ 1.00	$ 1,644,000,000	I 1 00	$ ı72,000,000	I 1 00	$ 2,100,000,000	$ 100	$ 2,328,000,000
evs from Pagers	$ 025	$ 60,000,000	I 025	$ 59,400,000	$ 025	$ 58,806,000	$ 025	$ 58,217,940
evs from PL & Special Access Surcharges	9.60%	$ 1,103,616,000	0.00%	$	0.00%	$	0 00%	$
evs to be recovered from MLB & SPAC Connections		$ 2,246,885,248		$ 3,492,231,373		$ 3,638,386,973		$ 3,784,007,865
MLBs		$ 2,246,885,246		$ 2,548,341,856		$ 2,625,537,982		$ 2,717,214,174
SPACs		$		$ 943,889,517		$ 1,012,848,991		$ 1,066,793,691
ffective MLB/SPAC Rate								
Per MLB Trunk		$ 4 45		$ 5 03		$ 5 15		$ 5 30
Per CTX Line		$ 0 49		$ 0.56		$ 0 57		$ 0 59
Per *DSO* Connection		$ 4 45		$ 5 03		$ 5 15		$ 5 3c
Per DS1 Connection		$ 22 27		$ 25 13		$ 25 76		$ 26 52
Per DS3 Connection		$ 17813		$ 201 01		$ 206 05		$ 212 16

cenario 2: **Residential line** growth stagnant. Wireless **growth** reduced to **50% of** historic **levels**

· Fund: Frozen | **High** Cost **&** Low **Income** Funds: Grow at average historic rate | Res and **Bus** Single LIner: No Change
Bus Multi Lines: Growth Continues at historic levels
Wireless and Pagers: Growth Continues at 50% of average lines added per year.

	July 2002 - June 2003		July 2003 - June 2004		July 2004 - June 2005		Julv 2005 - June 2006	
SF Fund		$ 6,400,000,000		$ 6,800,000,000		$ 7,200,000,000		$ 7,600,000,000
evs from Res Lines	$ 1.00	$ 1,296,000,000	$ 1.00	$ 1,296,000,000	$ 1.00	$ 1,296,000,000	$ 1.00	$ 1,296,000,000
evs from Bus. Single Lines	$ 1.00	$ 49,498,752	$ 100	$ 54,448,627	$ 1.00	$ 54,448,627	$ 1.00	$ 54,448,627
evs from Wireless	$ 1.00	$ 1,644,000,000	$ 1.00	$ 1,758,000,000	$ 1.00	$ 1,872,000,000	$ 1.00	$ 1,986,000,000
evs from Pagers	$ 0.25	$ 60,000,000	$ 0.25	$ 59,400,000	$ 0 25	$ 58,806,000	$ 0.25	I 58,217,940
evs from PL & Special Access Surcharges	9.60%	$ 1,103,616,000	0.00%	$	000%	I	0.00%	$
evs to be recovered from MLB & SPAC Connections		$ 2,246,885,248		$ 3,632,151,373		$ 3,918,745,373		$ 4,205,333,433
MLBs		$ 2,246,885,248		$ 2,650,443,909		$ 2,827,850,610		$ 3,019,758,948
SPACs		$		$ 981,707,464		5 1,090,894,763		$ 1,185,574,485
ffective MLB/SPAC Rate								
Per MLB Trunk		$ 4.45		$ 5.23		$ 5.55		$ 5 89
Per CTX Line		$ 0.49		$ 0.58		$ 0.62		$ 0 65
Per **DSO** Connection		$ 4.45		$ 5 23		$ 5.55		$ 5.89
Per DS1 Connection		$ 22.27		$ 26.13		$ 27 74		$ 29.47
Per DS3 Connection		$ 178.13		$ 209.06		$ 221.93		$ 235.79

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Attachment C

General Terms and Conditions

PAYMENTS AND CHARGES

Additional Monthly Charges

Carrier Line Charge(1)

Customers of certain outbound services provided pursuant to this Service Guide are subject to an undiscountable Carrier Line Charge(1) (CLC(1)). CLC(1) is a monthly recurring charge applied to All in One, Commercial Long Distance, Clear Advantage, Custom Net, Custom Net Option I-VI, Distributed Network Services, GICS, Oahu Telephone Service, Option S/Model T, ProWats Plan Q, Small Business Option, Simply Better, Simply Better Flex. The line status determination is based on available AT&T and/or LEC-provided information. The Carrier Line Charge(1) is subject to billing availability and will be applied per month per outbound switched line. The Carrier Line Charge(1) is:

$0.00 per single-line,
$1.70 per Multi-line,
$0.10 per Centrex Line
$0.00 per LEC-provided BRI line, and
$1.70 per switched access LEC-provided PRI line (*)

(*) Between October 1,2002 and December 31,2002, AT&T will waive the Carrier Line Charge(1) associated with switched access LEC-provided PRI lines.

Regulatory Surcharges and Miscellaneous Charges

AT&T may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts that it, either directly or indirectly, pays to or is required by governmental or quasi-governmental authorities to collect from others to support statutory or regulatory programs, plus associated administrative costs. Examples of such programs include, but are not limited to, the Universal Service Fund, the Primary Interexchange Carrier Charge, and compensation to payphone service providers for the use of their payphones to access AT&T Service.

Universal Connectivity Charge

Services provided pursuant to this Service Guide (not including the exempt Services listed below) are subject to an undiscountable monthly Universal Connectivity Charge. The Universal Connectivity Charge is **9.6%** of the Customer's total net interstate and international charges, after application of all applicable discounts and credits with respect to charges billed on or after July 1,2002.

AT&T will waive the Universal Connectivity Charge with respect to specifically identified AT&T charges to the extent that the Customer demonstrates to AT&T's reasonable satisfaction that:

- the Customer either, (a) has filed a Universal Service Worksheet with the Universal Service Administrator covering the twelfth month prior to the month for which the Customer seeks the waiver (i.e., to be eligible for a waiver in February 2001, the Customer must have filed a Universal Service Worksheet with the Universal Service Administrator covering February 2000), or (b) was not required to file a Universal Service Worksheet covering such period, either because it was not then providing telecommunications Services or because it was then subject to the FCC's ***de minimis*** exception to the FCC's filing requirement;
- the charges with respect to which the waiver is sought are for Services purchased by Customer for resale; and
- the Customer either (a) will file a Universal Service Worksheet with the Universal Service Administrator in which the reported billed revenues will include all billed revenues associated with the Customer's resale of Services purchased from AT&T for the period during which the waiver is sought or (b) will not be required to file a Universal Service Worksheet covering such period, because it will be subject to the FCC's ***de minimis*** exception to the FCC's filing requirement.

The Universal Connectivity Charge will not be waived with respect to:

- charges for Services purchased by Customer for its own use as an end user; or
- charges for which the bill date is on, prior to, or within thirty days after, the date on which the Customer applies for a waiver with respect to those charges; or
- charges for Services resold by the Customer, if the Customer (or another provider that buys Services directly or indirectly from the Customer) is not subject to direct universal service contribution requirements.

The following are exempt Services, and are not subject to the Universal Connectivity Charge in this Service Guide:

AT&T SDN Direct World Connect Service, AT&T SDN OneNet **NRA** Overseas Expanded, AT&T UNIPLAN Service ORPOs Direct World Connect, AT&T Commercial Direct World Connect Service, and AT&T Business Network Direct Service, only for international calls that both originate and terminate in foreign points.

Texas Universal Service Fund (TUS) Charge

Services provided pursuant to this Service Guide are subject to an undiscountable monthly Texas Universal Service (TUS) Charge. Subject to billing system availability, the TUS Charge will be applied as a percentage of the Customer's total net interstate and international charges for calls that both originate and are billed within the state of Texas, after application of all applicable discounts and credits. Interstate and international charges are assessed the TUS Charge under order by the Public Utility Commission of Texas. The TUS Charge will be waived to the extent a Customer is exempt from payment of the Texas sales tax. Effective on January 1, 2001, the TUS Charge will be 3.6% of applicable charges.

2. TERMS AND CONDITIONS (Continued)

7. Pavment of Charges

3. South Carolina 1lniversal Service Charge

Services provided under this schedule are subject to an undiscountable monthly South Carolina Universal Service Charge. The charge is 2.13% of the total net interstate charges for calls that are both originated and billed within the state of South Carolina, after all applicable discounts and credits have been applied.

4. Carrier Universal Service Charqe

In addition to all other rates in this tariff, effective February 1, 2002. business Customers will be assessed a Carrier Universal Service Charge ("CUSC") of 8.3% of all interstate and international retail charges (including usage. non-usage and Presubscribed Line Charge).

5. Texas Universal Service Fund ("TUSF") Charge

Services provided under this tariff are subject to an undiscountable monthly Texas Universal Service Fund ("TUSF") Charge. The TUSF Charge is 3.6 percent of the Customer's total net intrastate, interstate and international charges for calls that are both originated and billed within the state of Texas, after all applicable discounts and credits have been applied. Subject to billing system availability, the TUSF will be applied to applicable charges billed on or after April 1, 1999.

6. Reserved for Future Use

WORLDCOM.

PRODUCTS CURRENTLY AVAILABLE

General Information

- Important Notice (25KB, .DOC)
- General Definitions (38KB, .DOC)
- General Terms and Conditions of Service (121KB, .DOC)

Products

- WorldCom On-Net Voice services (Options 1, 2, and 3) (35KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC Nos. 1 and 6 ‹
  Technologies, Inc. Tariff FCC NO. 1)

- Domestic Private Line Services (93KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1 and Wo
  Services, Inc. Tariff FCC No. 4)
  - Voice Grade Private Line (29KB, .DOC)
  - DSO (Digital Signal Level 0) (27KB, .DOC)
  - Fractional DS1 (28KB, .DOC)
  - DS1 (Digital Signal Level 1) (31KB, .DOC)
  - DS3 Private Line Service (28KB, .DOC)
  - SONET (27KB, .DOC)
  - Offshore State and Territories Private Line Service (45KB, .DOC)

- Crossborder Private Line Services (50KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1)

- International Private Line Services
  (previously found in WorldCom International Data Communications, Inc. Tariff FCC
  and MCI WorldCom Communications, Inc. No. 11)
  - Half Circuit
    - +Commercial (174KB, .DOC)
    - Government (105KB, .DOC)
  - Full Circuit (392KB, .DOC)

- Frame Relay (32KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 1 and wo
  Services, Inc. Tariff FCC Nos. 9 and 10)

- Audioconferencing (270KB, .DOC)
  (p eviousl fc d i M I WorldCom Communications, Inc. Tariff FCC No. 1)

- Intelenet (80KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC NO. 6 and Wo Technologies, Inc. Tariff FCC No. 1)

- WorldOne (157KB, .DOC)
  (previously found in MCI WorldCom Communications, Inc. Tariff FCC No. 6 and Wo Technologies, Inc. Tariff FCC No. 1)

- Puerto Rico Service (273KB, .DOC)
  (previously found In MCI International, Inc. Tariff FCC NO. 1)

- Guam Service (192KB, .DOC)
  (previously found in WorldCom International Data Services, Inc. Tariff FCC NO. 9)

Promotions

- Currentlv Offered Promotions (80KB, .DOC)
- Expired Promotions (26KB, .DOC)

Other

- Cellular Mobile Service (27KB, .DOC)
- Directorv Assistance (22KB, .DOC)
- Operator Services (27KB, .DOC)
- Support Services (27KB, .DOC)
- WorldCom Fund (26KB, .DOC)
- Miscellaneous Charges, Surcharges and Fees
  - Carrier Access Charges (CAC) (21KB, .DOC)
  - Federal Annual Regulatory Fee (FARF) (19KB, .DOC)
  - Federal Universal Service Fund (FUSF) (20KB, .DOC)
  - Payphone Use Surcharae (19KB, .DOC)

FEDERAL UNIVERSAL SERVICE FUND (FUSF)

A charge equal to 9.1 percent of all the charges, excluding Taxes, appearing on a Customer's invoice will apply to telecommunications services subject to direct regulation by the Federal Communications Commission. A Customer will not be required to pay the FUSF if it demonstrates to the Company's reasonable satisfaction that it is acquiring the Company's services for resale, **i.e.,** not for its own internal use, and is contributing directly into the government's Universal Service funding programs.

The FUSF will: (i) be calculated after the application of promotional and other discounts; (ii) not be eligible to receive promotional or any other discounts; (iii) not be included to determine satisfaction of usage volume requirements; (iv) be calculated based upon the rates and charges applicable to the Customer's total interstate and international usage, unless otherwise specified; (v) not apply to Taxes, tax-like, and/or tax-related surcharges as defined or described in the Publication; and (vi) not apply to calls using Telecommunications Relay Service (TRS) or to calls originated by certified Customers with hearing or speech impairments.

General Service Agreement
For Small Business Customers

www.mci.com/sb/service_agreement

Effective Date - July 1, *2002*

fraction of a cent, the fraction is rounded down to the nearest whole cent. The computed charge for Basic Interstate Dial 1 calls is rounded to the next highest full minute. If the computed charges for taxes and surcharges include a fraction of a cent, the fraction is rounded to the nearest whole cent.

11. Other Charges

a. Federal Universal Service Fee ("FUSF")

9.3% of all invoiced interstate and international charges, not including taxes.

b. Federal Excise Tax

3.0% of all invoiced interstate, intrastate. local toll. and international charges, not including cerlain taxes.

c. Federal Excise Tax Surcharoe related to air travel awards

If the Customer receives airline miles, flight credits. or other air travel awards in relation to the Customer's Company account. then the Customer will receive this surcharge on its invoice, after the miles, flight credits, or other travel awards are posted to the Customer's airline account. The surcharge will not exceed $0.0013 per mile or other air travel award earned; and the surcharge for flight credits will not exceed $1.1000 per flight credit earned.

d. Local Telephone Companv "Billinq Ootion Fee"

The Company reserves the right to assess a fee if the Customer elects to receive the Company's charges within its local telephone bill (where the Company is not the Customer's local telephone provider), instead of receiving a bill for the Company's charges directly from the Company. Currently, upon notice from the Company, a Customer may be subject to a $1.50 monthly fee if the Customer receives such a combined bill from the Customer's local telephone company. The fee will not apply toward the satisfaction of usage volume requirements and will not apply to blind and visually impaired Customers who request invoices in Braille or large print.

e. Pavphone Use Charoe

Charges for state-to-state calls that originate from any domestic payphone and are carried over the Company's network will include a $0.28 charge. This charge will be in addition to applicable basic charges and surcharges.

Ad Hoc Telecommunications Users Committee

Ex Parte Presentation – Universal Service Contribution Mechanism, CC Dkt. Nos. 9645, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

October 3,2002

Attachment D

Account Number	Bill Date	Payment Due Date
[redacted]	[redacted]	[redacted]

AT&T

[redacted]

AT&T All in One Service

Regulatory News

Beginning with bills rendered on or after July 1, 2002 the Universal Connectivity Charge will be reduced from 10.6% to 9.6%. AT&T values your business and evaluates prices on a recurring basis.

terms, conditions and charges that apply to all your detariffed AT&T services can be viewed at the AT&T web site: http://www.att.com/business/agreement. Important limits of liability apply, including: AT&T is not liable for indirect or consequential damages (such as your lost profits or other economic loss) and direct damages during any 12 months cannot exceed one month of your payments for affected service.

Additional terms, conditions, charges and price change information for all detariffed business services can be viewed at http://www.att.com/serviceguide/business. Price changes will be posted at this AT&T web site before they apply to your bill. If you do not have access to the Internet, please contact your AT&T Sales Representative or Customer Care Center for information.

[redacted]

Account Number	Bill Close Date		Payment Due
[redacted]	6/30/02		7/31/02

AT&T

[redacted] REF # [redacted]

ulatory Fees

TEM EXPLANATION	CHARGES	
EES BILLED TO: [redacted]		
ONG DISTANCE		
1 UNIVERSAL CONNECTIVITY CHARG	59.06	
OTAL LONG DISTANCE FEES:		$59.06
OTAL BILLED TO: [redacted]		$59.06
OTAL REGULATORY FEES:		$59.06

es and Surcharges

ITEM EXPLANATION	CHARGES	
HARGES BILLED TO: [redacted]		
ONG DISTANCE		
2 FEDERAL TAX	25.83	
3 STATE TAX	53.81	
4 TX INFRASTRUCT. FUND REIMB	10.14	
5 PROPERTY TAX ALLOTMENT	8.35	
6 FEDERAL REGULATORY FEE	2.30	
7 TX USF CHARGE 3.6%	29.20	
OTAL LONG DISTANCE TAXES:		$129.63
OTAL BILLED TO: [redacted]		$129.63
OTAL TAXES AND SURCHARGES:		$129.63

l Detail

Date	Time	Place	Area/Number	Mins	Call Type	Rate Period	Amount
							.66
							56
							36
							90
							31
							76
							24
							56
							64
							31
							31

FROM:

[redacted] [redacted] [redacted]

CABLE & WIRELESS

ACCOUNT NUMBER: [redacted]
[redacted]
P.O. BOX [redacted]
[redacted]

***************** **Information About Your Service** ********

The following rate changes will be effective September 1, 2002.

Due to Universal Service Fund (USF) commitments, effective September 1, 2002, USF charges will increase from 7.5% to 9.5% on all Cable & Wireless federally regulated interstate and international voice services. Cable & Wireless USF charges remain 1% to 1.5% below our competitors. The FCC mandated the charges in 1996 to allow low-income and rural consumers the Opportunity to access the Internet and to improve the quality of telecommunication services for eligible schools. libraries, and rural health care providers.

Effective September 1, 2002, Cable & Wireless will increase Switched and Dedicated Interstate rites by 5%. we remain competitively priced to give you maximum value for your telecommunications services.

Please contact our customer front office ulth m y questions or comments.

Residential customers with any questions or comments should contact Customer Care at 1-888-398-8102 or email US at customer care@cwusa.com.

Business customers with any questions or comments should contact Customer Care at 1-800-488-8886, or email US at customer care@cwusa.com.

We appreciate your business and the opportunity to be your telecommunications provider.

[redacted]

[redacted] [redacted]

Sprint.

SPRINT DATA SVCS INVOICE

INVOICE NO: [redacted]
INVOICE DATE: [redacted]
INVOICE PAGE: [redacted]

[redacted]

ATTN: ACCT PYBL

CUSTOMER-NO: [redacted]
CUSTOMER: [redacted]

	AMOUNT
TOTAL DOMESTIC USAGE CHARGES:	$0.00
TOTAL INTERNATIONAL USAGE CHARGES:	$0.00
[redacted]	[redacted]
CARRIER UNIVERSAL SVC CHARGES:	[redacted]
GROSS CHARGES:	[redacted]
CUSC/CARRIER PROP TAX/REG FEE:	[redacted]
USAGE TAX:	$0.00
NON-USAGE TAX:	[redacted]
[redacted]	

ON
X ON

[redacted]

Accounting/Budgeting:

Vendor	[redacted]	PRO	000	
Co Cod	[redacted]	Acct	[redacted]	Tax Calc No
RRDD	[redacted]	Activity		
Center	[redacted]	Sub-Act	[redacted]	
OP	[redacted]	Amount	[redacted]	

PLEASE REMIT PAYMENT TO: SPRINT
[redacted]

[redacted]

USC → 08267.

** PLEASE RETURN THIS COPY WITH PAYMENT **

INQUIRIES REGARDING THIS INVOICE SHOULD BE DIRECTED TO THIS TOLL FREE NUMBER [redacted]
FOR NON-CONTINENTAL UNITED STATES PLEASE FAX INQUIRIES TO [redacted]

Post-it® Fax Note [redacted]

To [redacted]		Date [redacted]	# of pages ▶ 1
Co./Dept. LB3		From [redacted]	
Phone #		Co. [redacted]	
Fax #		Phone #	
		Fax #	

[redacted]

WORLDCOM
MCI WORLDCOM Communications, Inc. (WorldCom)

[redacted]
R Location [redacted]

[redacted]

[redacted]

THE WORLDCOM CUSTOMER CENTER O FERS AN ARRAY OF ADVANTAGES AIMED AT MAKING YOUR WORK SIMPLEF ESS TIME AND MORE CONVENIENT, WITH YOUR PERM ENT GI TRATION, YOU MA USE THIS PREMIER ONLINE RESOURCE OR YOUR NETW K II REAL TIME; PROVISION, CONFIGURE AN YOUR NETWORK RESOURCES; INITIATE AND TRACK THE TUS OF TROUBLE TICKE ORDER ODI A TRACK ORDER TUS; AND COMM NICATI WITH OUR SEF VICE E IONALS VIA EMAIL. VISIT AS OUR GU ST AT HTTPS://CUSTOMERCENTER.WORLDCOM.COM. OR CONTACT OUR TEAM TO REGISTER PERMANENTLY. PLEASE ALWAYS IEC E L S PAGE OF YOUR INVOICE FOR IMPORTAN ESSAGES.

WORLDCOM

Remittance Statement

ACCOUNT

INVOICE No [redacted]

JUNE 10.2002

[redacted]

PLEASE RETURN THIS FORM
WITH YOUR REMITTANCE

AMOUNT ENCLOSED
$________________

[redacted] 06/10/02

[redacted]

WORLDCOM
P.O. BOX 371355
PITTSBURGH,PA 15250-7355

[redacted]

FROM :

Customer Name: [redacted]
Customer Number: [redacted]
Sales City: [redacted]

Invoice Number: [redacted]
Invoice Date: [redacted]
Page Number: 1

INVOICE SUMMARY

Charge Description	InterOffice Channel	Local Loop	Access Coordination	Central Office Connection	*CPE 6 Other Recurring Charges	Install 6 Nonrecurring Charges	Discounts 6 Promotions	Prior Period Charges 6 Credits	Taxes	Total Charges
DEDICATED-ACCESS										
DS1	.00	2,498.52	.00	.00	.00	.00	-108.12	.00	405.29	2,794.69
DED.ACCESS SUBTOTAL	.00	2,498.52	.00	.00	.00	.00	-108.12	.00	405.29	2,794.69
CURRENT CHARGES SUBTOTAL	.00	2,498.52	.00	.00	.00	.00	-108.12	.00	405 29	2,794 69
TOTAL PREVIOUS BALANCE										.00
AMOUNT W E AND PAYABLE UPON RECEIPT										2,794 69

Federal Excise Tax	24.61
State & Local Taxes	69.38
Federal, State & Local Surcharges	41.90
Federal Universal Service Fee	217.44
TX Tel Infrastructure Fund Reimbursement	13.39
Texas Universal Service	38.57

E..

WORLDCOM.

Ad Hoc Telecommunications Users Committee

Ex Parte Presentation – Universal Service Contribution Mechanism, CC Dkt. Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-116, 98-170.

October 3,2002

Attachment E

Illustrative Analysis of Impact of Increasing Wireless Interstate Assessment of 15% upon development of USF Factor

	Wireless at 15%	*wireless at* 20%	*Wireless at* 25%	*Wireless at 50%*
	4th Q 2002	4th O 2002	4th Q 2002	4th Q 2002
USF Requirements				
High Cost	$841,341,000	$841,341,000	$841,341,000	$841,341,000
Low Income	$551,976,000	$551,976,000	$551,976,000	$551,976,000
Rural HealthCare	$183,646,000	$183.646.000	$183,646,000	$183,646,000
Schools and Libraries	$9,454,000	$9,454,000	$9,454,000	$9,454,000
TOTAL	$1,586,417,000	$1.586.417.000	$1,586,417,000	$1,586,417,000
Contribution Base				
Contribution Base w/o wireless revs	$16,057,996,000	$16,057,996,000	$16,057,996,000	$16,057,996,000
Wireless Contribution Base	$2,430,000,000	$3,240,000,000	$4,050,000,000	$8,100,000,000
- USF Contributions	-$1,330,758,000	-$1,330,758,000	-$1,330,758,000	-$1.330.758.000
-1% uncollectibles	-$184,879,960	-$192,979,960	-$201,079,960	-1241,579,960
TOTAL	$16,972,358,040	117,774,258,040	$18,576,158,040	$22,585,658,040
USF Factor	9.3%	8.9%	8.5%	7 0%

Wireless revenues estimated based upon assumption of 120-million subscribers mth average monthly billing of $45 per subscriber

Prepared by Susan Gately, Senior Vice President. Economics and Technology. Inc

Ad Hoc Telecommunications Users Committee

Ex Parte Presentation – Universal Service Contribution Mechanism, CC DM. Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC Docket Nos. 99-200, 95-1 16, 98-1 70.

October 3,2002

Attachment F

Illustrative Analysis of Impact of Changing Treatment of Wireless Lines

Illustrative Results Using Most Recently Reported [illegible]ess Line Counts and
4 A[illegible] l Fu[illegible] l R[illegible]qui[illegible] t Ba[illegible] l U[illegible] th L[illegible] o Quart[illegible]rs of 2002.

WIRELESS LINES TREATED EOUIVALENTLY TO *BUSINESS MULTILINES*

	USF Rating Category	Line Units	Monthly Rate	Annual
USF Fund Size				$6,200,000,000
Category (a) units				
Residence Lines				
ILEC	(a)	104,374,591	$1.00	$1,252,495,092
CLEC	(a)	9,489,049	$1.00	$113,868,588
Lifeline	- (a)	6,026,611	-81.00	-$72,319,332
Business Lines				
ILEC Single	(a)	4,124,896	$1.00	$49,498,752
Pagers	(a) / 4	35,000,000	$0.25	$105,000,000
Total Weighted Category (a) units		132,765,147		$1,593,181,764
Category (b) units				
Business Lines				
ILEC Multi - non-CTX	(b)	33,280,814	$2.08	$829,209,557
ILEC CTX	(b) / 9	14,952250	$0.23	$41,393,714
CLEC (estimate non CTX)	(b)	7,153,699	$2.08	$178,238,300
CLEC (estimate CTX)	(b) / 9	3,213,981	$0.03	$988.618
Weighted PL Connections	(b)	13,518,400	$2.08	$336.818.281
Wireless	(b)	128,925,979	$2.08	$3,212,260,820
'otal Weighted Categoly (b) units		184,897,362		$4,606,818,236

WIRELESS LINES TREATED EOUIVALENTLY TO RESIDENCE SINGLE LINES

	USF Rating Category	Line Units	Monthly Rate	Annual $s
USF Fund Size				$6,200,000,000
Category (a) units				
Residence Lines				
PCAP ILEC	(a)	104,374,591	51.00	$1,252,495,092
CLEC	(a)	9,489,049	$1.00	$113,868,588
Lifeline	- (a)	6,026,611	-$1.00	-$72,319,332
Business Lines				
ILEC Single	(a)	4,124,896	$1.00	$49,498,752
Wireless	(a)	128,925,979	$1.00	$1,547,111,748
Pagers	(a) / 4	35,000,000	$0.25	$105,000,000
Total Weighted Categoly (a) units		261,691,126		$3,140,293,512
Category (b) units				
Business Lines				
ILEC Multi - non-CTX	(b)	33,280,814	$4.56	$1,819,314,022
ILEC CTX	(b) / 9	14,952,250	$0.51	$90,819,218
CLEC (estimate non CTX)	(b)	7,153,699	$4.56	$391,060,903
CLEC (estimate CTX)	(b) / 9	3,213,981	$0.06	$2,169,062
Weighted PL Connections	(b)	13,518,400	$4.56	$738,990,786
Total Weighted Category (b) units		55,971,383		$3,059,706,488

Prepared by Susan Gately. Senior Vice President, Economics and Technology, Inc

Illustrative Analysis of impact of Changing Treatment of Wireless Lines

Illustrative Results Using Projected Access tine Counts and Fund Requirements

WIRELESS LINES TREATED EOUIVALENTLY TO BUSINESS MULTILINES

	USF Rating Category	Line Units	Monthly Rate.	Annual $s
USF Fund Size				$6,400,000,000
Category (a) units				
Residence Lines				
ILEC	(a)	128.600.000	$1.00	$1.543.200.000
CLEC	(a)	9,500,000	$1 00	$114,000,000
Lifeline	- (a)	6,000,000	-51.00	-$72,000,000
Business Lines				
ILEC Single	(a)	4,000,000	$1 W	$48.000.000
Pagers	(a) / 4	40,000,000	$0 25	$120,000,000
Total Weighted Category (a) units		146.100,000		$1,753,200,000
category (b) units				
Business Lines				
ILEC Multi - non-CTX	(b)	33,500,000	$1.80	$723,456,766
ILEC CTX	(b) / 9	15.600.000	$0.20	$37.432.589
CLEC (estimate non CTX)	(b)	7,200,000	$1.80	$155,489,215
CLEC (estimate CTX)	(b) / 9	3,500,000	$0.20	$8,398,337
Weighted PL Connections	(b)	14,750,000	$1.80	$318,536,934
Wireless	(b)	157,600,000	$1.80	$3,403,486,158
Total Weighted Category (b) units		215,172,222		$4,646,800,000

WIRELESS LINES TREATED EQUIVALENTLY TO RESIDENCE SINGLE LINES

	USF Rating Category	Line Units	Monthly Rate	Annual $s
USF Fund Size				$6,400,000,000
Category (a) units				
Residence Lines				
ILEC	(a)	128,600.000	$1.00	$1,543,200,000
CLEC	(a)	9,500,000	$1.00	$114,000,000
Lifeline	- (a)	6,000,000	-$1.00	-$72,000,000
Business Lines				
ILEC Single	(a)	4,000,000	$1.00	$48,000,000
Wireless	(a)	157,600,000	$1.00	$1,891,200,000
Pagers	(a) / 4	40,000,000	$0.25	$120,000,000
Total Weighted Category (a) units		303,700,000		$3,644,400,000
Category (b) units				
Business Lines				
ILEC Multi - non-CTX	(b)	33,500,000	$3.99	$1,603,422,561
ILEC CTX	(b) / 9	15,600,000	$0.44	$82,963,157
CLEC (estimate non CTX)	(b)	7,200,000	$3.99	$344,616,192
CLEC (estimate CTX)	(b) / 9	3,500,000	$0.44	$18,613,529
Weighted PL Connections	(b)	14,750,000	$3.99	$705,984,560
Total Weighted Category (b) units		57,572,222		$2,755,600,000

Prepared by Susan Gately, Senior Vice President, Economics and Technology, Inc.